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Your Money Management

University of Illinois
at Urbana-Champaign
College of Agriculture
Cooperative Extension Service
Circular 1271

No magic formula will tell you how much money you need to get started on your own. The cost varies from place to place. Just keep in mind that your parents will spend from 50 to 100 thousand dollars to rear you from birth to age 18. An impressive sum, to be sure — and once you're on your own you'll be paying your own way. But your immediate need will probably be for enough money either to get you through several months of hunting for a job, an apartment, or both — or to set up your accounts at school or in the military.

Whatever your specific goals are, it's never too soon to have a financial plan. Plan now, while you're still in school, how you will use money from your job, allowance, or gifts. How much will you spend? How much will you save from your income? In general, your money will be used to meet needs and wants. As you take more responsibility for satisfying your own needs and wants, you will note that some of these needs and wants cost money and some don't. Plan to pay for your needs first — basic needs such as food, clothing, and housing. Next, plan for your wants. Don't be surprised if you can't have them all.

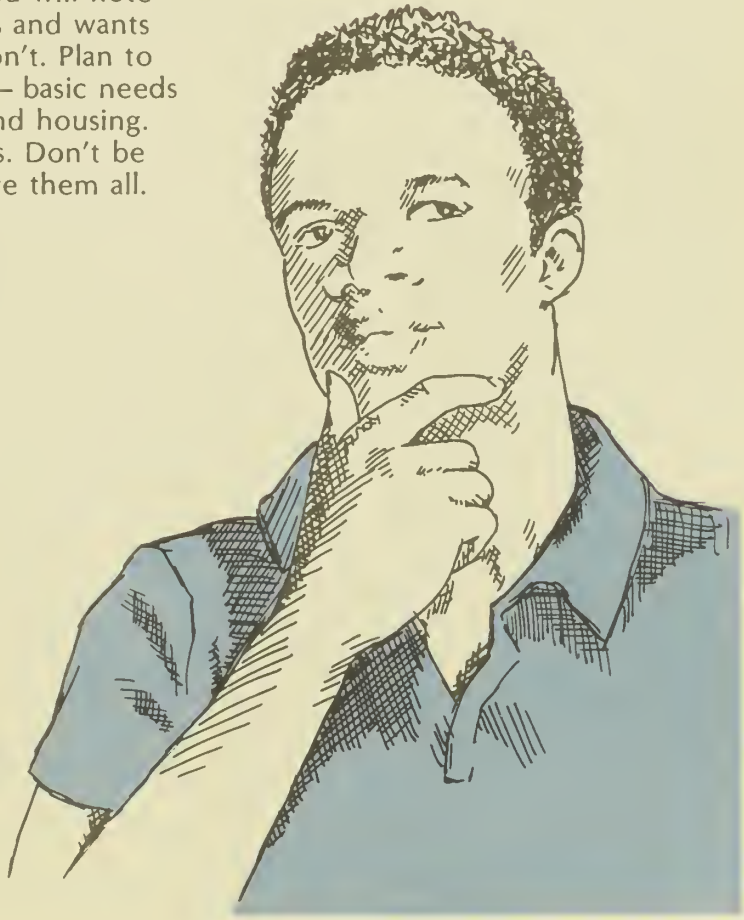
Overview

When you make decisions about your future, you will find it useful to know how to manage your money: how to make a plan, how to open and maintain a checking account, and how to manage your savings. Living on your own is enhanced by managing your money effectively.

Decisions about Your Future

If you're finding it hard to make decisions about your future, you're in good company. The decisions leading to adult independence are some of the most difficult ones that anyone ever faces. Whether you're heading for a new job, continuing your education, or looking for a place to live on your own, you need to understand how to manage your finances.

The typical student receives income from parents and from being employed for ten to forty hours a week. Although many students use their earnings for entertainment and recreation, the young person who wants to move from dependence on parents to independent living saves money to pay for the costs of transition.



Making Plans

Effective money managers learn to look ahead. Planning your income and expenses is one way to look ahead.

1. Decide on the period of time for your plan — a week, month, or year. If you still live at home, perhaps you'll want to plan a week at a time.

2. Estimate the income you will receive for the period that your plan covers. Include income from all sources — job, allowance, and gifts.

3. Estimate the amount to be spent for the things your money must buy — such as lunches, clothes, and transportation. Don't forget to include savings, gifts, and contributions that you want to make.

4. If your estimated expenses add up to more than your income, some items must be eliminated. Most likely you'll have to postpone some wants. You may need to save for several weeks, months, or years to buy items that cost more than you can afford from your weekly income; or you may consider using credit — more about this later.

5. In the future, keep records of how much you make and how much you spend. It is easier to make a new plan when you know what you have and what you've been spending.

6. At the end of your trial period, examine how your actual spending compares with what you planned. If you spent differently than you planned, try to see why. If your plan was unrealistic, try to change it for the next period. If spending was out of hand, decide on some ways to keep it under control next time. For example, if you tend to spend money that you have with you, leave your extra cash at home or in the bank. If you find that you always spend money when you are with a certain friend, be assertive and learn to say no when your friend encourages you to buy.

My Spending Plan and a Record of My Spending

Here's a place to make a plan and keep your records for one month. Go ahead and fill in the blanks with your financial plan. Then record actual amounts spent and adjust accordingly. Good luck with balancing your plans and your spending!

	Week 1 Date _____		Week 2 Date _____		Week 3 Date _____		Week 4 Date _____	
	Planned	Spent	Planned	Spent	Planned	Spent	Planned	Spent
Fixed Expenses								
Lunches								
Transportation								
Contributions								
Savings								
Bills								
Other								
Flexible Expenses								
Movies								
Utilities								
Snacks								
Magazines or tapes								
Gifts								
Grooming products								
Clothing								
Recreation								
Other								
TOTALS								

Transition Costs

As a young adult, you may be in for a surprise when you move away from home unless you understand the costs of relocating. The total cost of living varies from city to city. If you're planning to move to another city, write or call the Chamber of Commerce in the place you plan to move for its best estimate of the cost of living. Whether you're moving across town or several hundred miles away, you need to have saved enough money to see yourself through several months of settling into a new situation. You can decide how much this should be by multiplying the estimated monthly cost of living times three.

Use the following Annual Spending Plan to record your findings and to make estimates of your plans for your first year on your own.

Transition costs include moving, housing, furnishings, utilities, telephone installation, and job- or school-related costs such as uniforms and fees. Once you're settled, look at your financial records again, just as you did before you moved. What are your monthly expenses for rent, utilities, food, and entertainment costs? See whether you're spending too much in relation to your income. If you're over budget, cut down on certain items. For example, if you're spending too much on long-distance calls, look into the variety of long-distance services now available or write more letters.

The young adult who learns to manage limited amounts of money effectively will have developed habits that will help him or her manage greater amounts of money later in life.

Annual Spending Plan for _____

(year)

	Month 1	Month 2	Month 3	
Income				
Expenses				
Food				
Clothing				
Personal care				
Transportation				
Auto insurance				
Medical care				
Life insurance				
Health insurance				
Education				
Entertainment				
Recreation				
Savings				
Installment loans				
Gifts, charity				
Rent				
Utilities				
—Heat, air conditioning				
—Electricity				
—Telephone				
Other (such as furnishings)				
TOTAL Expenses				

Shopping for the Best Account

Almost all banks, savings and loan associations, and credit unions have checking accounts. Shop for the one that will be best for you. Look in the telephone book for a list of banking places near where you live or near where you are going to live on your own. Then you can call or visit them to ask these questions and check off each question as you ask it:

- ____1. What kind of checking accounts do you have? What are the differences between regular and special checking accounts?
- ____2. Do any of these accounts require that a minimum amount of money stay on deposit at all times? If a minimum balance is required, how much is it?
- ____3. What do I have to pay, if anything, if I have less money in the account than the minimum amount required? (Some banks will waive minimums for direct-deposit accounts or other special considerations.)
- ____4. Are there other costs or service fees for having the account?
- ____5. How much money, if any, will I pay for checks?

____6. Is there a charge each time I write a check?

____7. Is there a limit to the number of checks that I can write each month?

____8. Does the account pay interest?

____9. If the checking account pays interest, how much, and how often is it paid? The answer may be confusing, so ask a specific question: If I leave 100 dollars in the bank for one year, how much interest will I have earned if I don't take any interest out? Compare the answer for each type of account.

____10. Can I use an automated teller machine (ATM) with this checking account? Is there a charge for using the ATM? If so, how much?

Figure out about how many checks you'll need to write each month. Choose the institution for your checking account based on what you think you'll need and what you can pay. Remember, you can change accounts if your needs change.

Once you decide where to have your checking account, visit the place, find out more about its other services, and open your account.

Checking Accounts

Many young people find that using a checking account is the best way to keep a record of what they spend. If you don't have one, perhaps now is the time to think about opening a checking account. Once you have your own account, you can begin using checks instead of cash or money orders to buy what you need. There are many reasons for using a checking account: your money will be safe, it can't be stolen from your person or from your home when it's in a checking account; you will have cancelled checks to use as receipts to prove you paid for what you bought; and in most checking accounts your money will earn interest.



Opening Your New Account

The officer in charge of opening accounts will advise you about two principal types of checking accounts: individual account — an account for you alone.

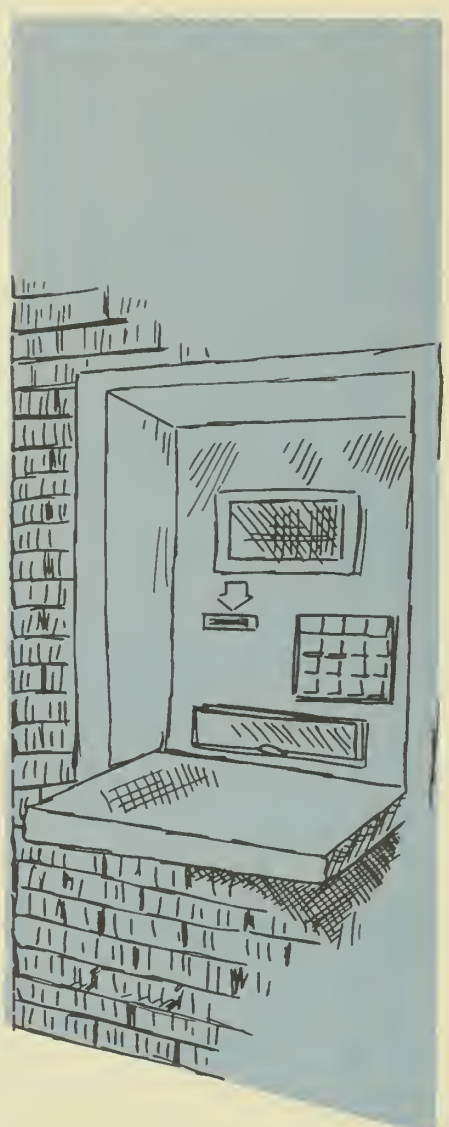
Joint account — an account for two or more persons, such as a parent and son or daughter sharing the same account.

After you select the type of account you want, you sign a signature card that is kept on file. Each time you write a check, sign your name as you did on the signature card. At any time, the institution may compare your signature on the card to your checks to protect you.

When setting up your account, you will select your check style, color, and design with a price you can afford. The cost for your checks is usually deducted from your new account. Your account number, name, address, telephone number, and sometimes your driver's license number can be printed on personalized checks. A personalized check can be a source of identification when you cash a check.

To deposit your first amount of money in the new account, the institution will furnish you with a deposit form. You record what is being deposited — currency, coin, or checks. When depositing a check, identify the source. Be sure to keep track of all deposits in your checkbook.

Ask when you can start writing checks on your account. If you deposited a check to open the account, you will probably have to wait for it to "clear" before you can "draw" on it. A check clears when the money for it is transferred to the banking place where you deposited the check. Sometimes a customer has to wait 5 to 10 days for checks to clear. Plan for this inconvenience.



When the Bank Teller Is a Machine

If your new account lets you use an automated teller machine (ATM), you will be assigned a personal identification number (PIN) or you will be asked to select a number to use for your PIN. Don't use your telephone number or birth date — such numbers are too easy for criminal-types to figure out. Don't write your PIN on anything. Memorize your PIN so that no one can find it and use your account illegally. ATMs usually have instructions printed on the machine. Before leaving the place where you've opened the new account, make sure you know how to use the ATM, where other ATMs are located, and where to call if you have more questions.

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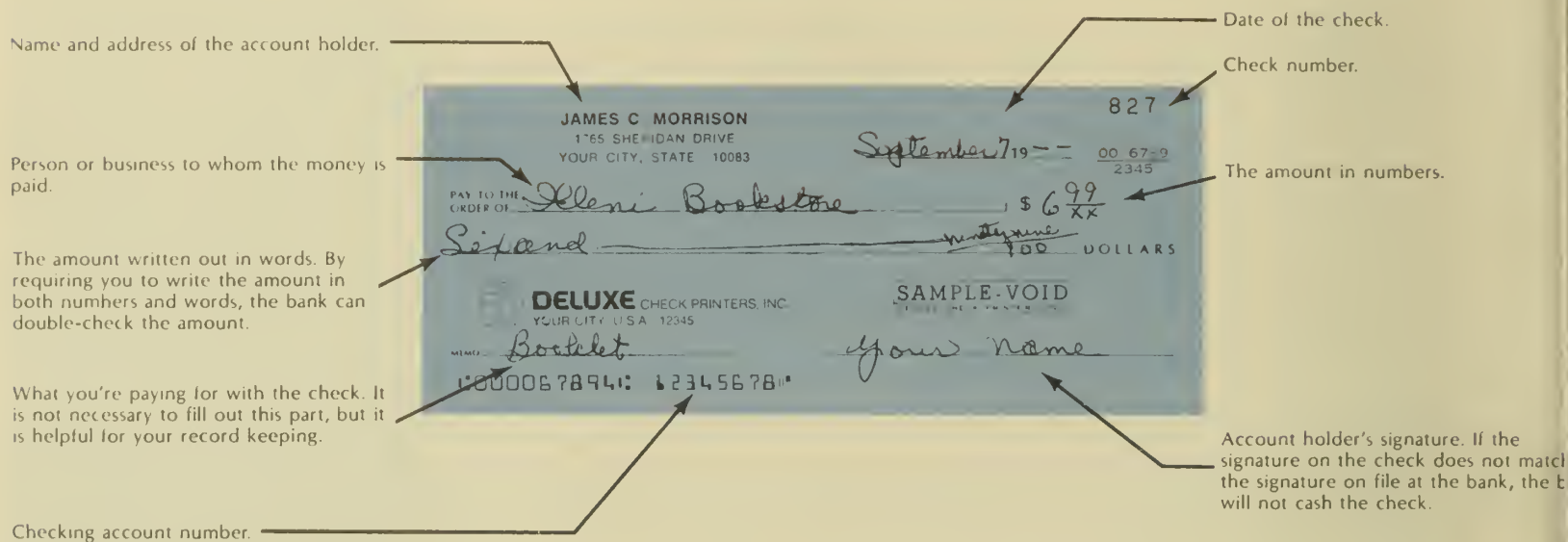
RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT				BALANCE	
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/DEBIT (-)	DEPOSIT/CREDIT (+)	
	8/1	Deposit - New Acct. from Savings	5 95	3000 -	3000 -
	8/1	Checks	250 -		2994 05
001	8/15	JAMES SCOTT (RENT)	250 -		2494 05
002	8/15	JAMES SCOTT (SECURITY DEPOSIT)	75 86		2418 19
003	9/1	TOWN DISCOUNT (MISC. FOR ART)	62 17		2356 02
004	9/1	APEX FOOD STORES (GROCERIES)			
			50 -		2306 02
	9/1	CASH (INSTANT TELLER)	16 73		2292 29
005	9/17	NO IL WATER CORP			

REMEMBER TO RECORD AUTOMATIC PAYMENTS / DEPOSITS ON DATE AUTHORIZED

Writing Checks

When you write a check, you are giving the institution a written order to pay a stated amount of your money to a named person or organization.

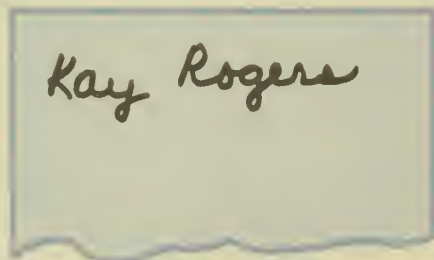
Below is a check that is written correctly:



Endorsing Checks

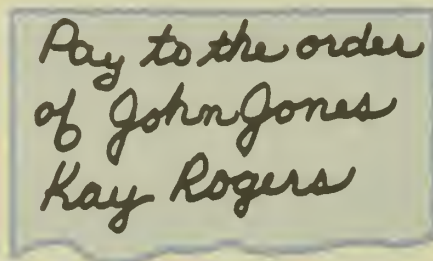
Before you can cash or deposit a check made out to you, you must sign it on the back at the extreme left end. You may endorse the check in several ways.

• **Blank endorsement.** You sign your name on the left end of the back of the check. When a check is endorsed in this way, anyone can cash it. It is best to use a blank endorsement only at the time and place you intend to cash the check.

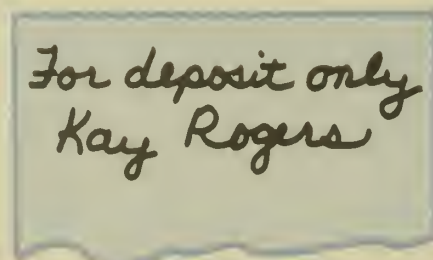


• **Transfer endorsement.** A transfer endorsement is used when a check is made out to you and you want to give it to someone else. You write "pay to the order of," followed by the name of the person to whom you are giving the check. The last thing

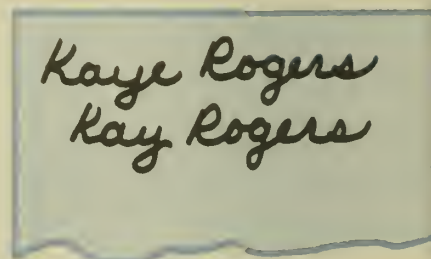
you do is sign your name. Before the check can be cashed, it must be signed by the person to whom you transferred it.



• **Restrictive endorsement.** This kind of endorsement restricts what can be done with the check. It is used on checks sent by mail or given to another person for deposit. The words "for deposit only" are written above the signature.



• **Misspelling.** Sometimes a check writer may not spell your name correctly when making out a check to you. If this happens, sign your name exactly as it appears on the front of the check. Then sign your name correctly.



Checking Your Statement

Each month your institution will send you a statement of your account and, in most cases, your cancelled checks. Some institutions provide carbon paper with your checkbook, and you keep carbon copies for records; if carbons are provided, checks usually are not returned. It is important for you to make sure the institution's record of your account and your own record agree. This process of comparing the two records is called reconciling your account.

Most institutions provide forms for you to fill in to reconcile your account. Often the step-by-step procedure is outlined on the back of your monthly statement.

Follow these procedures to reconcile your statement.

Sort the cancelled checks by number.

Match the checks against your checkbook record.

- Add the amounts of checks "outstanding" (those written but not yet cashed or cleared).
- Subtract the amount of the checks outstanding from the amount your institution says you have.
- Add any deposits that you have made that are not shown on the statement.
- Add any interest that your account may have earned.
- Subtract the amount, if any, for a service charge.
- Compare your checkbook balance with the institution balance. The result should be the same. If not, check your addition and subtraction. If the results still don't agree, contact the office where you have your checking account to ask for assistance. Perhaps their records are in error.

Special Precautions

Safeguard your blank checks. A forger could use them and copy your signature. Always cash or deposit without delay any checks you receive for payment.

If a personal check is lost or stolen, immediately call the institution that has your account to let them know. Then follow up in writing, giving the date and number of the check, the amount for which it was written, and the name of the person to whom it was written. You may decide to have a stop-payment order made on the check. If you do, the institution will not cash the check when it is presented to them. The bank, savings and loan, or credit union usually charges a fee, which may be quite expensive, for stopping payment on a check. On joint accounts, the stop-payment order should be signed by the person who wrote the check.

Closing a Checking Account

When you decide to close a checking account, notify your banking institution. Ask them to send you a statement as of a specific date, including any service charges due. All checks paid since your last regular statement will be included on this statement. Compare the checks on the statement with your checkbook stubs to determine if all checks have cleared. Leave a sufficient amount on deposit to cover any checks that have not cleared before withdrawing your account balance.



Credit Is Tomorrow's Money

All of us use credit almost every day. Every time you make a phone call, turn on the lights, or eat before you pay at a restaurant, you use credit.

Consumer credit permits you to obtain goods and services for immediate use by promising to pay for them with future income. If not abused, consumer credit can promote a healthy economy. Because goods and services can be obtained on the basis of future income, many Illinois families enjoy a higher level of living than would be possible without the use of credit. Some argue that, because people use credit, more goods and services are provided, and the result is that more people are employed.

The other side of this issue is that problems and financial risks occur because both consumers and creditors (lenders) abuse credit. Careless use of credit by consumers can lead to repossession of property or even bankruptcy. Bankruptcy is a legal process by which a person can discharge his debts. Once the court judges the debtor unable to meet credit obligations, all assets except those exempted by law are sold by the court. The proceeds from the sale are then distributed to creditors. Any remaining debt is usually written off.

Abuse of credit may also result in serious family problems. Stress, arguments over who is to blame, and — in some cases — divorce are common problems cited by those who cannot pay their debts.

When managed effectively, credit can be a convenience for the consumer. It enables the consumer to obtain goods and services when cash is not readily available, to buy things on sale, or to make purchases when prices are low. Credit allows consumers to pay for some items at the same time they are using and enjoying them.

Credit is a service that the consumer buys. The cost of credit can be measured by the finance charges or interest fees that cover the costs of the lending business and provide profit for the lender.

Even when there is no stated finance charge for credit, the cost of making credit available is built into the price of the goods or services. Almost any item you buy costs more in an establishment that provides credit than it would if the store did not offer credit to its customers.

Some examples of buying on credit include paying for gasoline with a credit card or charging clothes at a store. In both cases, you get goods now and pay for them later. Another way to use credit is to borrow from a lender, such as a bank, pawn shop, finance company, savings and loan company, or credit union. Frequently the lending institution will require collateral before lending money. Collateral can be the item you plan to buy with the borrowed money, an insurance policy, a savings account, or something else you own. Some institutions may require only your promise to repay and your signature. Some loans may require a cosigner who agrees to be responsible for paying the debt if the borrower cannot.

Evaluate Your Credit Worthiness

Buying on credit means that the person you are buying from or borrowing from trusts you to repay him or her. Some people have difficulty getting credit because they have never used it before. Others may have trouble because they have not paid their debts in the past or have not shown they could pay back a loan. Store owners and money lenders decide whether or not to give

you credit based in part on your credit rating.

Your credit rating is the result of an evaluation of your qualifications to receive credit. To decide if you're a good or poor credit risk, a creditor first looks at how you have used credit in the past. This history is usually kept at your local credit bureau. The record includes the information you gave about yourself to stores, banks, and other places where you applied for credit. The record may also include information that one or more of your creditors have given to the credit bureau about you. A creditor provides information such as how often you use credit, what you use credit for, and the time it takes you to pay your bills.

After a potential creditor looks at your record of using credit, he or she studies your present financial situation, examining information such as the following:

- Your other credit commitments.
- Your occupation.
- How long you have lived at your present address.
- Whether you rent or own a house.
- If you have a car.
- If you have a checking account, a savings account, or both.

Your lender will evaluate your application on your probable willingness and financial ability to repay debts. As a student you may have not built up a credit rating. You can begin establishing a credit history with a local or neighborhood store. Generally, a local business will approve your application, especially if the business person knows you or your family personally. They also may grant you credit if you have your parents cosign a loan or installment contract. This means your parents are responsible for paying your obligation if you default and do not pay it yourself.

Credit Costs Vary

Each institution that lends money charges a different amount for its credit services. Usually a bank or credit union has the lower rate, while some stores and finance companies have higher rates. To compare the cost of credit, find out the annual percentage rate (APR), the basic interest rate you pay when you borrow. Lenders use different methods for computing and advertising their credit rates. But all lenders are required to convert their advertised rate to an annual percentage rate. The annual percentage rate is required in every contract and on monthly bills. By comparing the annual percentage rates available, the consumer can judge where to use credit services.

Another important term to be familiar with is "finance charges," which is the actual dollar amount that credit costs. When you pay by cash, you do not have this added expense.

When a consumer uses credit, he or she signs a credit contract, which is a written agreement between consumer and creditor. Each consumer is legally responsible for honoring the terms of any credit contract he or she signs. Therefore, don't sign a contract if there are blank spaces to be filled in. Draw a line through blank spaces so that nothing can be added later. Don't sign a contract that you have not read carefully or that you do not understand.

Guidelines for Using Credit

Answering the following questions will help determine whether to use credit or to try to save money and get the item later.

1. Is the need for the item immediate or great?
2. What gains will result from getting the item now as opposed to later?
3. What will credit cost? What are the opportunity costs (things that are given up) of paying the finance charges?
4. Is there enough money to take on a credit payment?

Other guidelines for wise use of credit include the following:

- Investigate all sources of credit and compare costs.
- Use credit for expensive and long lasting goods rather than for nondurables such as food and other supplies that are depleted before you finish paying for them.
- Plan purchases on charge accounts

so that the total bill can be paid each month and finance charges can be avoided.

- When using credit, make as large a down payment as you can afford and pay the amount owed as quickly as possible to keep finance charges as low as you can.
- Read contracts carefully before signing them.

Moisten, Seal, Mail

ACCOUNT NO.

AL

OPEN-END CREDIT PLAN
FLEXIBLE CHARGE ACCOUNT APPLICATION

IMPORTANT: READ THESE INSTRUCTIONS BEFORE COMPLETING THIS APPLICATION—

I type of credit plan required

☐ INDIVIDUAL ACCOUNT—Check here and complete Parts II and IV if you are applying for an individual account in your own name and are relying on your income or assets and not the income or assets of another person as the basis for repayment of the credit requested.

☐ JOINT ACCOUNT—Check here and complete Parts II, III and IV if you are applying for a joint account and are relying on your income or assets AND the income or assets of the joint applicant as the basis for repayment of the credit requested. Provide information about the joint applicant in Part III.

☐ INDIVIDUAL ACCOUNT WITH AUTHORIZED USER—Check here and complete Parts II, III and IV if you are applying for an individual account but a spouse or other person is to be permitted use of the account. Provide information about spouse or other user in Part III.

II tell us about yourself

First Name _____ Middle Initial _____ Last Name _____ Social Security No. _____ Age _____ No. of Dependents _____

Present Address _____ State _____ Zip Code _____ How Long At Address _____ Yrs _____ Mos _____ Home Telephone _____

City _____ Own/Buying _____ Rent _____ Live with parents _____ Other _____

Previous Address _____ State _____ Zip Code _____ How Long At Address _____

City _____ Telephone _____ Zip Code _____ How Long _____

Current Employer _____ City _____ State _____ Position _____ Salary Per Year _____

Address _____ City _____ State _____ Position _____ How Long _____

Previous Employer _____ City _____ State _____ Position _____ How Long _____

Alimony, child support, separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Other income such as AFDC, Social Security or other public assistance benefits, alimony, child support, part time employment, retirement benefits, etc. \$ _____ INCOME AMOUNT

III now tell us about your co-applicant or authorized user

First Name _____ Middle Initial _____ Last Name _____ Social Security No. _____ Age _____ No. of Dependents _____

Present Address _____ State _____ Zip Code _____ How Long At Address _____ Yrs _____ Mos _____ Home Telephone _____

City _____ Relationship to Applicant if any _____ Telephone No. _____

Previous Address _____ State _____ Zip Code _____ Occupation _____

City _____ Telephone _____ Zip Code _____ How Long _____

Current Employer _____ City _____ State _____ Position _____ Salary Per Year _____

Address _____ City _____ State _____ Position _____ How Long _____

Previous Employer _____ City _____ State _____ Position _____ How Long _____

Alimony, child support, separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation. Other income such as AFDC, Social Security or other public assistance benefits, alimony, child support, part time employment, retirement benefits, etc. \$ _____ INCOME AMOUNT

IV please tell us about your banking and credit references

Account No. _____ Name of Bank, Savings and Loan _____ City _____ State _____

Checking _____ Savings _____

Account No. _____ Name of Bank, Savings and Loan _____ City _____ State _____

Checking _____ Savings _____

Account No. _____ Name of Bank, Savings and Loan _____ City _____ State _____

Credit Reference—Firm Name _____ Account No. _____ City _____ State _____

Credit Reference—Firm Name _____ Account No. _____ City _____ State _____

Credit Reference—Firm Name _____ Account No. _____ City _____ State _____

Have you ever had a charge account? _____

No _____ Yes, under what name? _____

I request _____ send credit card(s) _____

I agree to all the terms and conditions of the _____ credit cards. Use of any _____

Open End Credit Plan and Security Agreement. You are authorized to use my credit and employment history for every credit card I carry, for a mere \$1 for the credit card stickers, and the rest of my _____

Date _____

Date _____

Signature _____

Saving

Saving is putting away money from present income for future needs. You will see that you can save money in many different ways and many different places. Your choice of how to save should be based on what you want to achieve with your savings and when you want to use the money — this year, next year, or 20 years from now.

Saving for a specific purpose or goal is usually easier than just saving to accumulate money. Saving for a specific goal — such as education, a new coat, or a special trip — helps you to develop a savings habit. Some people try to save “the surplus” that remains after bills are paid and normal expenses are met. These people usually end up with no savings. An effective savings program is one that is planned and takes savings from your income before you have the chance to use the money for other purposes.

Developing a Savings Plan

As a young adult you may not have yet accumulated an emergency fund. Financial experts recommend an emergency fund that is equal to about three months’ living expenses as a cushion if you were to lose your job or become unable to work. Once you start saving in your emergency fund, then you can begin saving for intermediate and long-range goals that are important to you.

Having goals clearly in mind makes the second step easier — determining how much to save. You can estimate how much is needed for specific items such as tuition or a new coat. Consider all your goals and determine how much you need to save each month or year to reach each goal.

The third step in an effective savings program is the actual plan. You have to decide the best way or ways for you to save. Some suggestions include the following:

- Start by reworking your spending plan. Think of savings as a fixed expense in your budget, and pay yourself first. Some financial counselors recommend saving 10 percent of your income. According to this advice, if you receive \$100 as a gift, you should save \$10 for future goals.
- Save all the loose change you have each day. Make frequent deposits of these funds into your savings account.
- Choose some item or service you have wanted but can live without. Save what you would have spent.

The fourth step in a savings program is to determine where and how to deposit your savings. Keeping your money at home has disadvantages: No interest is earned, it’s a temptation to spend it, and your family or friends may borrow it.

The main types of savings institutions vary widely in function, method of operation, and ways of handling your money. Some considerations to keep in mind when deciding how to manage your savings include:

- **Safety.** Is the money insured?
- **Liquidity.** How available is your money, or how long would it take you to withdraw it if you need it?
- **Return.** How rapidly will your money grow?

Types of Savings

Regular savings accounts at a bank or savings and loan are called pass-book accounts. Such accounts provide maximum liquidity, which means your money can be withdrawn at any time. Compared to other types of savings deposits, however, regular savings accounts pay the lowest rate of interest.

Time deposits, also called certificates of deposit, must be left in the savings institution for a specific period of time, for example, for 30 days. Higher interest rates are usually possible for this type of deposit. Generally the longer the time period for which you commit your money, the higher the interest rate. If you withdraw your money before the end of the



specified time period, you may have to pay a penalty fee for early withdrawal.

Regular savings accounts and time deposits are judged to be among the safest investments. Most savings institutions carry federal insurance that covers individual accounts up to \$100,000. Before depositing your money, check to see if the institution carries federal insurance on its deposits.

How do you decide where to open a savings account or where to invest your money? Obtaining the maximum legal rate of interest should be a major factor in selecting the place for your savings. Shop around and ask for the annual percentage rate. Savings and loan associations generally pay a higher annual percentage rate than banks. Ask how much your money will earn if you leave it in for a certain period of time — say three months. Having the institution give you a specific example will help you see how much your money actually earns as a result of how and when the interest is computed and added to your account.

Credit unions are owned and run by their depositors, who have some common tie or interest, such as the same occupation or same employer. Sometimes rates paid on savings accounts at a credit union are higher than at the bank or savings and loan association.

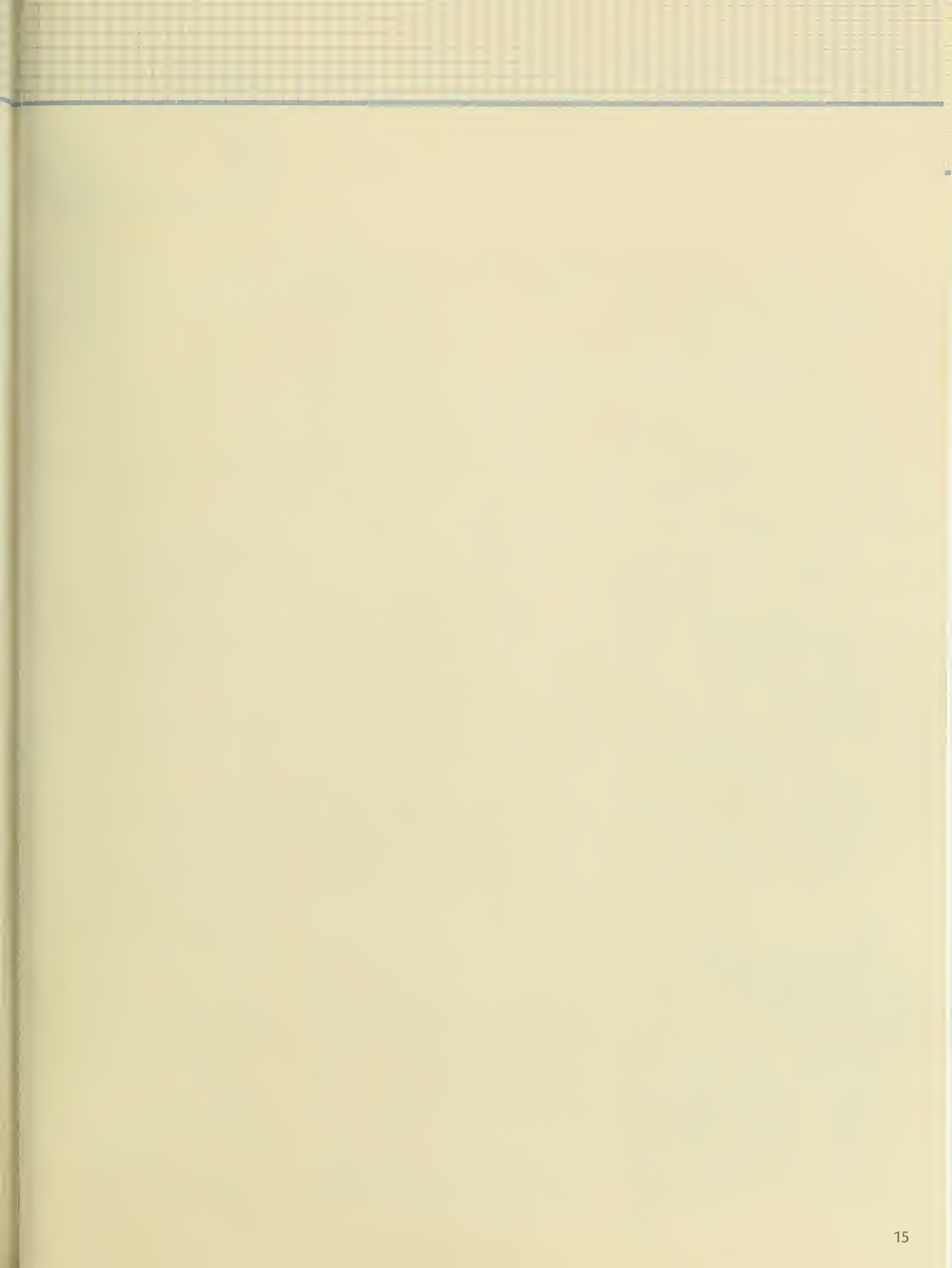
In addition to the methods we've discussed, there are many other ways to invest your money and to earn interest. Investigate what's available in your community.

Summary

Making your money do what you want requires planning. By selecting banking services carefully, by using credit wisely, and by saving for specific goals, you can achieve greater adult independence and learn to live on your own.

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Urbana, Illinois

March 1987

Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, WILLIAM R. OSCHWALD, *Director*, Cooperative Extension Service, University of Illinois at Urbana-Champaign.

This publication was prepared by MaryAnn Paynter, Extension Specialist, Family Economics.

Editor: Mary H. Overmier
Graphic designer: Lynn H. Smith

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Your Shopping Skills

University of Illinois
at Urbana-Champaign
College of Agriculture
Cooperative Extension Service
Circular 1272

increase your income? Forming sound consumer habits for planning, buying, and using goods and services is an investment that can pay dividends all your life.

The average person entering a lifetime of relatively steady employment can expect to earn more than half a million dollars before retirement — a sizable sum to translate into a chosen lifestyle. If even 5 percent of your earnings is lost by impulsive buying and poor shopping decisions, you can lose the enjoyment of 25 to 50 thousand dollars; therefore, now is the time to develop skills to help you become an effective consumer.

Sometimes your values are the same as those of your parents or friends, but each of you puts the values in a different order. For example, all of you may feel that security and new experiences are important; but you may choose new experiences over security, and your friends may do the reverse. At different times in life, some values are more important than others. For example, right now you may feel you're wasting money for your senior pictures and graduation announcements. Years from now you may be happy to have these reminders of your high school or college years. What do you value now? Do you see how your values may change as you begin living on your own?

Goals are ends that you strive to achieve, such as friendship, a special job, or the purchase of specific goods. Your values (what you believe to be important) determine your goals (what you are willing to work for). Both your values and goals will determine the type, quality, and quantity of goods and services you choose in the market. If you value prestige, your goals may be to purchase expensive or rare items. If you value practicality, your goal may be to look for durability and usefulness rather than prestige in your purchases.

Your Values and Your Goals

The way you think and feel affects the decisions you make. You need to know about yourself so you can make effective decisions. Your values reflect what is important to you. What you want out of life and from your money represents your goals.

Values are your personal, strong beliefs about what is worthwhile in life — such as love, privacy, freedom, recreation, health, education, and individuality. Many things shape your values. For example, your family background, your friends and classmates, your talents and interests, your education, and where you live affect what you believe to be important. Each time you make a consumer decision about what products and services you want to buy, you will decide what is of most value to you at the time of the decision and as time goes on. For example, you may have to choose between buying a class ring and buying insurance for your car. Your values may be different than the values of family and friends. You may wish to spend money on a car. Your friends may save their graduation money for a trip to visit a distant city.



Overview

As you get ready to live on your own, you will find it helpful to develop your decision-making skills, especially those related to your effectiveness as a consumer. Become aware of advertisements, seek reliable information, comparison shop, and follow product instructions to get maximum benefits from your selections. Learn your consumer rights and responsibilities, and you will soon be well on your way toward an independent lifestyle.

Everyday Decisions

Each day you make hundreds of decisions — what to wear, what to eat, where to go, and how to get there. By making minor decisions on a daily basis, you gain the skills needed to make major decisions such as where to work and how to prepare for living on your own.

Knowledge of decision making is particularly useful to young adults because you are faced with many major choices: Should you continue your education? Should you work full time? Should you live by yourself or with friends? You are also facing many major consumer decisions: Do you need new clothes for school or a job? Do you need a car? What resources are available to you? How can you acquire needed goods and services without always needing to

Where Are You Going?

What are your goals? Make a list and set deadlines for when you hope to achieve them.

Short-Range Goals

For this month

Deadline

For this year

Long-Range Goals

For future years

Decision-Making Steps

Decision making is a process for solving problems, dealing with situations, or seizing opportunities. Once you learn the steps, you can apply the decision-making process to handle almost any situation. Making decisions is like climbing stairs — you usually follow a step-by-step process. Each step is influenced by your values and goals. Here are the steps to help you make decisions and to reach your goals.

1. Identify the problem or situation. Examine all sides of it. Don't confuse the symptoms with the problem. What is the real problem? Why is a decision needed? Can the decision serve a worthwhile purpose?

problem

2. Think of possible solutions. Seek information about what choices may be available and what they offer. List as many possible solutions as you can imagine:

3. Weigh the value of each possible solution. Look back on experiences that you, your friends, or family members have had. What will be the cost of each possible choice in time, money, effort or inconvenience? What risks are involved? What may be the outcome of each choice you make? How will it affect future decisions? How will it affect others? You may want to discuss possible choices with others.

List several advantages and several disadvantages for each possible solution or alternative.

Advantages	Disadvantages
a	
b	
c	
d	
e	

4. Make your choice. Try to choose the best alternative.

5. Carry out the chosen action. Accept responsibility for your actions.

6. Evaluate your decision. Are you pleased? Would you make the same choice again? If it was a poor decision, you can plan to change it.

As you make decisions, remember your goals. Think about the values that support your goals and direct your actions as you make consumer decisions.

Standards for Judging Products

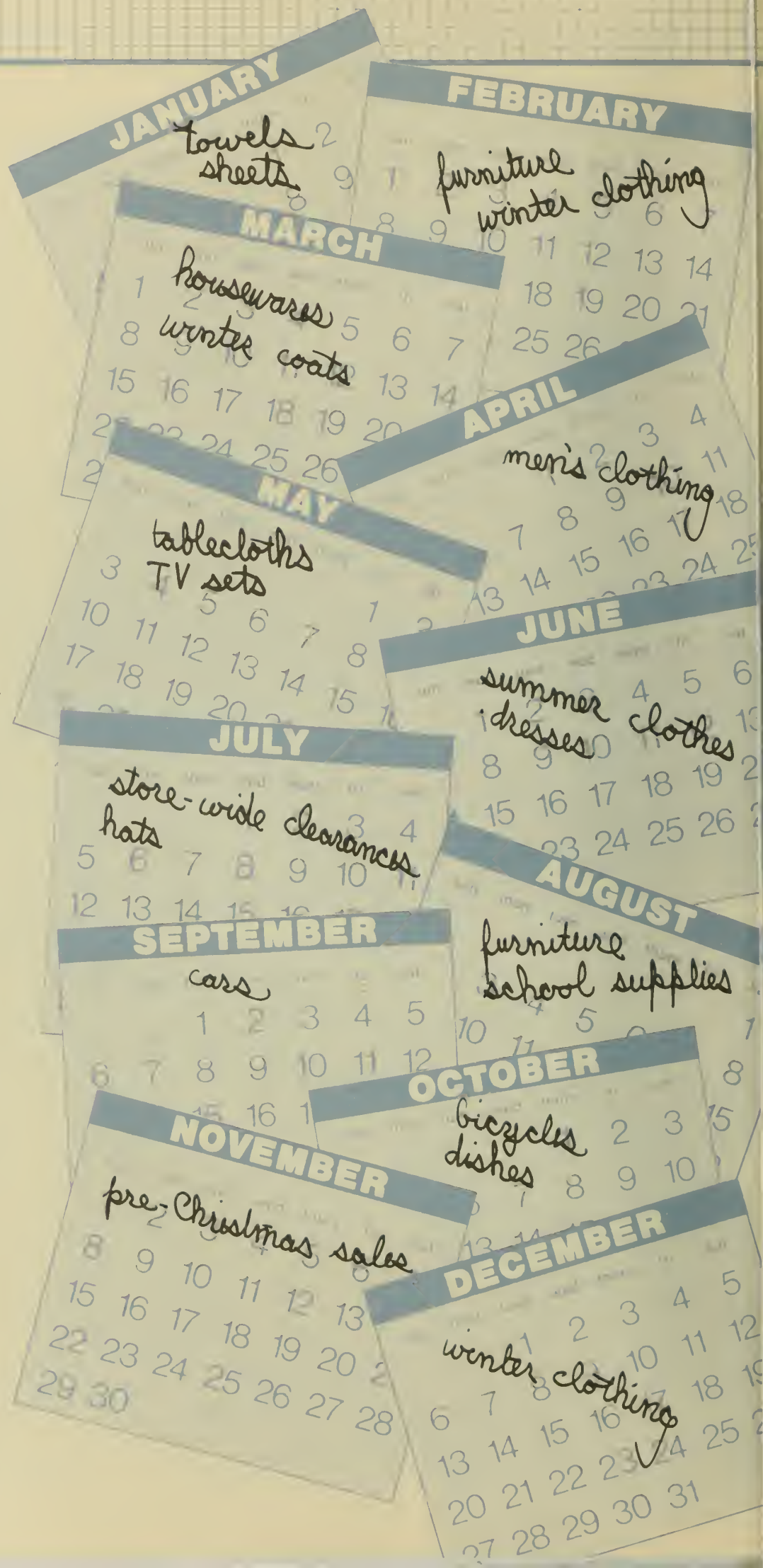
Manufacturers develop standards for the performance and durability of products in the marketplace. Government agencies such as the Food and Drug Administration, the Federal Trade Commission, the Consumer Product Safety Commission, and the State Department of Agriculture check products in the marketplace for safety of contents and for performance. These standards help you get better products, but they do not guarantee that you will get the product that best meets your needs. Many types of products and services are available, and it's up to you to make the best choices. You determine your standards, too. Your standards represent what you think is acceptable to measure an accomplishment, the completion of a goal, or the quality of goods or services.

To judge products, ask yourself,

- Have I used adequate and reliable information?
- Is the product really needed? Can I afford it?
- When is this product on sale? Does it go on sale seasonally?
- Will the product best serve my purpose? What else might I use?
- Which aesthetic features are worthwhile to me?
- What quality of product do I need?
- What built-in convenience is needed? Is it worth the increase in cost that I must pay?

Form a habit of evaluating products by asking these questions before choosing a product. This practice will help you make the best selection.

One way that you can be a careful shopper is to watch for seasonal price variations. For example, the shopping calendar that follows is a month-by-month listing of items that have seasonally discounted prices.



Be Aware of How Advertisements Affect Your Decisions

To persuade you to buy their product, advertisers will use the most effective means they can find to promote each product. They know that it is often more effective to appeal to your emotions than to your sense of reason or logic. Some of the emotional appeals that advertisers use are listed below. As you read each one, list an ad that uses this approach to selling a product.

• Desire to be liked and accepted or popular

• Desire to be attractive, especially to the opposite sex

• Desire to be healthy

• Desire to save time

• Interest in this new and different

• Desire for pleasant association or to have fun

• Fears and feelings of insecurity

• Desire for success and independence

• Desire for status

• Desire for security or to save money

You may find other emotions, hidden desires, or fears that influence your selection of goods and services. Think for a moment. Why do you buy mouthwash, toothpaste, or deodorant? Why do you choose the brand you buy? Emotions, hidden desires and fears do influence our purchases. Understanding the reasons you buy products will lead you to more satisfactory purchases in the future.

Seek and Use Reliable Information

Much useful information is available to help you make purchasing decisions. The more expensive the product, the longer you usually intend to use it. You need to learn about the item before buying it. For example, when you decide to buy a car, you will probably spend more time reading about cars than you will researching hair driers when you need a new hair drier.

Form a habit of seeking the information you need from the following sources:

Educational literature. When you want to find out about specific products, contact your Cooperative Extension office for literature from institutions, industries, or government agencies. You may also contact your library for consumer information magazines such as *Consumer Reports* and the annual *Consumer Reports Buying Guide Issue*.

Advertisements. Read ads for ideas about the location and prices of products. Be alert to the facts stated in the ad. How much helpful information is in the ad, such as a description of the item, what the item is made of, what the item can do, how to use and care for the item, or who made the item?

Product labels and booklets about use and care. Check for contents, size, characteristics of materials, special features, use and care recommendations, and terms of available guarantees.

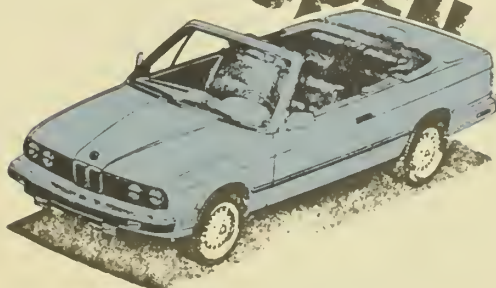
Your friends. Talk with someone who owns the product or has used the service. Ask about the product's performance, problems, durability, and whether it is satisfactory.

SEE YOURSELF
SLIMMER

PRIME TIME WOMAN



TEST-DRIVE
A BMW
WIDE OPEN



The car you want is now on sale,
all models priced for immediate delivery!

Compare Products and Services

To increase your consumer skills, plan before you get to the marketplace, and then compare products before making a choice.

1. Plan what products and which specific characteristics are necessary for your purposes. Make a shopping list. For each product, list in order of importance the characteristics needed or desired. Decide how much you can afford to pay for the product before you go shopping.

2. Compare styles, brands, features, prices and quality of several products at a variety of stores.

3. Decide which product is best for you — the one that satisfies your need(s) and is priced so that you can afford it.

4. Be alert to techniques of pressure selling, flattery, elaborate compliments, oral guarantees, last-opportunity-to-buy offers, or deals in which the regular price is not known. Don't be sold under pressure — you may get the very thing you do not need. Take time to think and compare; then decide whether or not to buy.

Use and Care of Products

Manufacturers give instructions on labels, hang tags, or in booklets that come with products. Your attention to instructions about how to use and care for a product increases the service life of the product. The longer a product lasts and gives satisfactory service, the less frequently it will need to be replaced and the fewer repairs it will need. Use a product as long as economically feasible; that is, use it completely or until the care and repairs are too expensive and it would be more sensible to purchase a new product. You will benefit from this maximum use. It will extend your resources and may increase your satisfaction too.



Consumer Rights

Consumers have rights, too. You can increase your dollar power and get more satisfactory products by exercising your rights. As a consumer,

- You have a right to accurate information about products. Read the information before buying a product. Remember that oral statements from the salesperson may or may not be accurate.
- You have the right to choose products that you desire and can pay for.
- You have the right to safe products that will give quality service.
- You have the right to be heard when products are of poor quality or are unsafe.
- You have the right to speak up when you are the victim of unfair selling practices such as fraud, excessive prices, or a breach of contract.

Consumer Responsibilities

Consumer responsibilities accompany consumer rights. Your responsibilities as a consumer are

- To become informed about products.
- To treat the property of sellers and others with care. Products damaged by consumers must be paid for by higher prices.
- Refuse products of poor quality. Flawed products may be acceptable in certain circumstances. For example, a blouse or shirt that is soiled may sell at a reduced price because consumers probably would not pay full price for one in poor condition. Be sure to get the quality of product for which you are paying. Accepting inferior quality goods or services at quality prices encourages the seller to continue to supply merchandise of lower quality.
- Follow the manufacturer's instructions in the use and care of the product.
- Keep records of sales (receipts) and labels until you are sure the product is satisfactory. Sales records and guarantees are needed when a complaint about a product is made to the seller.
- Make complaints if, through no fault of yours, you find the product to be unsatisfactory. Use the procedure suggested at right for making a consumer complaint.

Consumer Complaints

Be sure you have a legitimate complaint. Has the product been damaged through your use and care for? Are your expectations for performance too high? If you buy a product on sale, check to see if it can be returned. If you have a defective product, begin with the seller. Return the product and records of sale to the seller and discuss the problems. Expect to receive a satisfactory adjustment. If the seller cannot help with your problem, you will need to do more.

Write the manufacturer. Get the manufacturer's name and address from labels on the product or from the use and care booklet. Ask the manufacturer to please assist in correcting the problem. Keep a copy of your letter and all bills and receipts for future reference. You may also send copies of the letter to important local and national agencies involved in consumer issues.

A Few Basic Tips on Letter Writing

- Include your name, address and home and work phone numbers.
- Type your letter if possible. If it is handwritten, make sure it is neat and easy to read.
- Make your letter brief and to the point. Include all important facts about your purchase including the date and place where you made the purchase and any information you can give about the product or service such as serial or model numbers or specific type of service.
- State exactly what you want done about the problem and how long you are willing to wait to get it resolved. Be reasonable.
- Include all documents regarding your problem. Be sure to send COPIES, not originals.
- Avoid writing an angry, sarcastic, or threatening letter. The person reading your letter probably was not responsible for your problem, but may be very helpful in resolving it.
- Keep a copy of the letter for your records.

Diagram illustrating the structure of a consumer complaint letter with annotations:

Annotations (Left Side):

- Describe your Purchase
- Name Product and Serial or Model Number or Service
- State Problem
- Give History of Problem
- Ask for Specific Action

Letter Template:

Your Address
Your City, State, Zip Code
Date

Appropriate Person
Company Name
Street Address
City, State, Zip Code

Dear (Appropriate Name):

Last week I purchased (or had repaired) a (name of product with serial or model number or service performed). I made this purchase at (location, date, and other important details of the transaction).

Unfortunately, your product (or service) has not performed satisfactorily (or the service was inadequate) because _____.

Therefore, to solve the problem, I would appreciate your (here state the specific action you want). Enclosed are copies (copies--NOT originals) of my records (receipts, guarantees, warranties, cancelled checks, contracts, model and serial numbers, and any other documents).

I am looking forward to your reply and resolution of my problem, and will wait three weeks before seeking third-party assistance. Contact me at the above address or by phone at (home and office numbers here).

Sincerely,

Your Name

Annotations (Right Side):

- Include Date and Location of Purchase and Other Details
- Enclose Copies of Documents
- State Reasonable Time for Action
- Include Your Address, Work and Home Phone Numbers
- Keep Copies of Your Letter and All Related Documents and Information

Summary

As a young adult, you will find that sharpening your consumer skills helps you get the best buys in goods and services for your needs.

Remember, you can become more satisfied with your life as a consumer if you follow these guidelines:

- Know your values and goals.
- Practice consumer decision making.
- Develop standards for judging products and services.
- Be aware of the effect of ads on your decisions.
- Seek and use reliable information.
- Compare products and services.
- Care for products properly.
- Exercise your consumer rights and responsibilities.

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Moldafsky, Annie. *Welcome to the Real World: A Guide to Making Your First Personal, Financial, and Career Decisions.* Garden City, New York: Doubleday and Company, Inc.

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Urbana, Illinois

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University of Illinois
at Urbana-Champaign
College of Agriculture
Cooperative Extension Service
Circular 1273

Your Living Quarters

Overview

Before you move out to live on your own, you'll need to ask yourself some questions: What kind of place do you really want? Do you want to rent an apartment, a house, or a room? What about a mobile home? What do you need to know about living in a dorm, fraternity, or sorority? Do you want to try to live with relatives, alone, or with roommates? What can you afford? You'll also need to know about damage deposits, leases, and renter's insurance.

Where do you want to live? Close to your job? Close to school? How important is it for you to be near family and friends? How much space do you really need?

Do you want a furnished or unfurnished place? How much can you afford to pay for rent? What living quarters will be satisfactory for your lifestyle?

Will your career choice demand that you live in a specific area or cause you to move often? Are you interested in living in a particular environment such as a city, a small town, or the country?

Reaching a decision about your future living quarters isn't easy, especially if you are unfamiliar with the many housing and living options. This booklet has been developed to help you become aware of housing alternatives and to help you reach the solution that is best for you!

What's Important to You?

What you consider important will guide you in selecting your living quarters. These considerations will vary from one person to another. Your ideas of what a home should be come from your parents, friends, education, and tradition.

For some, home is a place to sleep; for others, it is a place to entertain friends. Where and how you live reflects your values and goals. If you value privacy more than companionship or economy, a one-bedroom apartment will probably suit you better than a two-bedroom apartment shared with three roommates.

Few persons can afford everything they want in housing. You can make more satisfying choices, however, if you have decided what you want most and set goals to satisfy these wants.

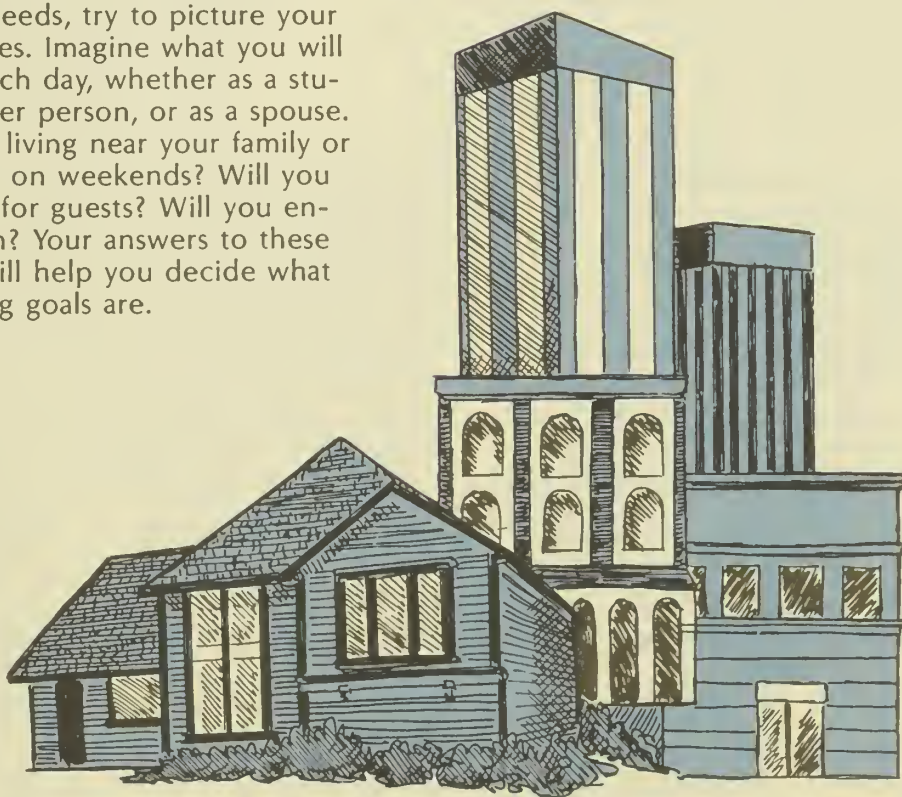
When thinking about your housing wants and needs, try to picture your daily activities. Imagine what you will be doing each day, whether as a student, a career person, or as a spouse. Will you be living near your family or going home on weekends? Will you need space for guests? Will you entertain often? Your answers to these questions will help you decide what your housing goals are.

What Are Your Choices?

Few persons can afford or will even want to buy a house when they launch out on their own. Other, more popular, options include:

- Renting an apartment, a house, or a room.
- Buying or renting a mobile home.
- Living in a dorm, fraternity, or sorority.
- Living with relatives or roommates.

When comparing the following housing options, use the Apartment Inspection Guide that is included in the back of this booklet.



Renting an Apartment

Apartment living can be fun, but it can also be expensive. A starting point to look for an apartment may be the "For Rent" section of a local newspaper. Because many apartments are rented by "word of mouth," let friends and relatives know that you're looking for a place to live. Check store bulletin boards and front doors of apartment buildings for information about vacancies.

Once you have several apartment prospects, the next step is to check them out carefully. Take along the Apartment Inspection Guide and a flashlight in case the electricity is off.

Renting a House

If you decide that apartment living is not for you, renting a house is another alternative. For leads, check the local newspaper under the "Houses for Rent" section. Also check with a local realtor, who may know about a house that is vacant because the owners have moved away and want to rent it.

Additional considerations are whether the parking facilities are adequate, whether the renter is expected to mow the lawn, and whether the renter is required to shovel the snow off the sidewalks.

Renting a Room

Boarding houses offer a bedroom with bathroom privileges. Sleeping rooms may also be available in private homes. Often owners will rent a room that their children no longer use. Or an elderly person may provide a room in exchange for services such as lawn mowing or outdoor maintenance. Meals may or may not be offered or included in the price. You may be given kitchen privileges. If not, you may need to buy a few small appliances, such as a hot plate or toaster-oven. Ask if such appliances are permitted. If cooking at home becomes a problem, you may decide to eat out more often because it's convenient. But beware: Your food bill may be much higher than you'd planned.

Rules are usually stricter in boarding houses and private rooms than in apartments. Check into the rules and determine if they will clash with your lifestyle. For instance, does the owner have the right to evict without notice? Can you come and go freely?

DUPLICES/CONDOS/TOWNHOUSES

Available immediately Private newer 2 bedroom townhouse. Hardwood floors, fireplace, 2 decks, 2 car attached garage. \$550/mo + security deposit. Short/long term lease 328-7308

Available now Across from Yankee Ridge School, deluxe 2 bedroom duplex, full basement, central air, electric appliances, 901 sq ft. \$500/mo. Lease. Call 352-9547

Available Now fully equipped 2 bedroom townhouse w/garage located on Leeper Dr. Lease and references required. \$500/mo. \$500/security. Phone 359-4600

Beautiful, spacious 2 bedroom townhouse available March. Equipped kitchen, 1 1/2 baths, dry hookups, SW corner parking \$370 384-1000

2 bedroom condos garage and all appliances immediately available. Call Hallmark Realty.

3 bedroom duplex \$450/mo + deposit. Call 367-1171

Need a place? Search in Punta Urbana

APARTMENTS/FURNISHED OR UNFURNISHED

1 bedroom apartment in Iron Towers, 201 W. Sprague with a view overlooking SW Champaign. Quiet, secure building, parking, laundry facilities, carpeted, gas heat, utilities included \$310 per month plus deposit. Call Chris at 352-7712

Available immediately 3 room bedroom apt. Walk-in closet, street parking, 1005 N. Rand. Refrigerator, c/a, central air, \$235 per month call and deposit, \$235 at 351-4940 (days) or 359-4940 (nights & weekends).

ROOMS FOR RENT

MANOR MOTEL, 367-5427. Efficiency apt and rooms by week or month. Phone, ac, waterbeds, cable, color tv, free HBO

*NICE furnished room in a home with lot and deck. Shared kitchen & bath. Lease to June 384-3033

QUIET sleeping rooms and apartment. Employed man 352-8909

Rooms avail immediately in quiet duplex house. Furn. util. paid/laundry and parking 351-4777

ROOMS with cable TV and HBO by the week or month. Phone 367-1171. Courtesy Motel, 5

diately 1 bedroom apartment, 607 S. Lynn, \$135 per month, utilities, lease and deposit \$4896

arch 1, Nice 2 bdrm, fully equipped. Includes dishwasher, central air, car port, on busline, 328-7816 evenings & or 384-5038 days

now, 1 & 2 bdrm in SW corner. Fully equipped kitchen, c/a, cable, laundry, on bus line, lighted street parking, small pets \$315-\$355 351-4155

APARTMENTS UNFURNISHED

Spacious 2 Bdrm apt's located in Urbana. Individual washer-dryer hookups. 384-7800, 359-7101.

Spacious 2 Bdrm apt's located in Urbana. Individual washer-dryer hookups. 384-7800, 359-7101.

Spacious 3 bdrm, 2 bath apt. large living room, kitchen w/pantry, W/D in building. Available at 352-7941, after 352-1044

SUBLETS

Available immediately 3 BR townhouse, full basement, all large rooms, W/D hookup, refrig, stove, disposal, 1 1/2 baths \$385 dep., \$425/mo Call 351-4789

Available 3/7/87 large 1 bedroom, unfurnished, heat included, laundry & parking \$395 nego. 6600 W. Nevada, U PH 367-6836 or 351-4789

Available March 10 - August 10. March & August already paid. \$235/mo. 1 bedroom apt., central air, low utilities, free parking call 351-4789

Available now 3 bdrm apartment, off-street parking, privacy patio \$345/mo plus deposit 398-8493 or 359-2414

Avail soon 2 bdr duplex, St Joe March rent pd. Eve/wkd 469-8992

1 bdrm apt furnished. New appliances, hardwood floors. Convenient location. Heat & water paid. \$300/mo. March, April, May. 352-9861 or 359-1845

2 bedroom apartment, 10 minutes from Parkland on bus route. Call for more information 356-5524

2 bedroom, available March 1. Pets ok \$285-\$300 352-0077

MOBILE HOMES FOR RENT

St. Joe area 2 bdrm trailer, some utilities furnished. Small deposit. \$285/month. No pets 384-749

\$70 weekly, double wide, 1st kitchen, bar, large living room, baths, air, low utilities, parking, wooded location, lease, deposit, dogless PH 1-863-2057

APARTMENTS UNFURNISHED

LAKE OF THE WOODS APTS. Just off I-74, 10 mins. West of Champaign. Large 2 bedroom unfurnished apartment, stove, refrigerator, swimming pool & playground, easy access to work places. \$335 per month includes cable. Lease & deposit required. For appointment call 1-586-439

Available 3/7/87 large 1 bedroom, unfurnished, heat included, laundry & parking \$395 nego. 6600 W. Nevada, U PH 367-6836 or 351-4789

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2 bedroom apartment, 10 minutes from Parkland on bus route. Call for more information 356-5524

2 bedroom, available March 1. Pets ok \$285-\$300 352-0077

HOUSES FOR RENT

ASTONISHING 3 bedroom ranch in Southwood subdivision. Fully equipped kitchen, fireplace, central air, 1 1/2 baths, 2 car garage and large wooden deck. Located on quiet Cul de sac. Immediate possession, sorry no pets \$625. Ask for Larry at 352-1484 or after 6pm and weekends 356-0712

Available April 15, West Champaign 3 bedroom, appliances, low utilities, C/A, attached garage. Pets ok. Lease plus deposit \$425 per month. Phone 356-3880

Available March 1st 3 or 4 bedroom, two baths, \$600 per month, good location. Call 359-7971

Available now House for offices, storage or living. Near West Side Park 508 W. Park Street, Champaign. 960 square feet, 3-bdrm, utility room and reception, full bath. Off-street parking, fences, central air and heat. Lease paid \$750/month. Call 351-4867

AVAILABLE NOW! Newly decorated 3 bedroom with double garage, lot Private patio, stove & refrigerator, hookups. Bus stop, schools, banks. \$375/mo. Call 351-8463

LAKE OF THE WOODS APTS. Just off I-74, 10 mins. West of Champaign. Large 2 bedroom unfurnished apartment, stove, refrigerator, swimming pool & playground, easy access to work places. \$335 per month includes cable. Lease & deposit required. For appointment call 1-586-439

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What Do Those Rental Ads Really Mean?

A/C: Air-conditioned.

Appl: Appliances, usually means that a range and refrigerator are provided.

BR: Bedroom.

Condo: Condominium. Condominiums provide a form of home ownership in which you own the unit, and you and the other owners of units jointly own the public areas.

Damage deposit: Money that you pay the property owner when you first move in to cover any damages that you may cause to the property, usually equal to one month's rent.

Duplex: Two housing units adjacent to each other or located one above the other.

Elect: Electricity, may describe the type of line, or indicate that the utility is included in the rent.

Furn: Basic furnishing, also included; you'll need to supply linens, pots, pans, and other cooking and eating utensils.

Immed: Immediate occupancy. The apartment is available now.

Kit priv: Kitchen privileges. You may use the kitchen.

Ldrys: Laundry.

LR: Living room.

No pet: No pets are allowed. **Tranp:** Near public transportation routes.

To bath: Toilet and sink.

Ret: Names all people from whom you've rented previously.

Sec dep: Security deposit — same as damage deposit, usually equal to one month's rent.

Student leases: Usually nine months, from September to June.

Studio or efficiency: A one-room apartment with a small kitchen area and private bath.

Sublet: To take over the remainder of someone else's lease.

Townhouse: A series of at least three housing units with a common wall (party wall) separating one unit from another.

Unfurn: Unfurnished.

Util inc: Heat, air conditioning, and electricity may be included in the price quoted.

Furnished or Unfurnished

If you rent a furnished apartment, part of your rent will include a charge for the furniture. Or you may decide on an unfurnished apartment. Furnishing the unit with all new furniture could cost thousands of dollars. You may want to furnish the unit yourself with borrowed items from home or secondhand stores or garage sales. Also, you can make some items yourself — such as building shelves out of cinder blocks and boards.



Energy

The costs for heating an apartment can vary widely. Before you agree to rent any unit, try to find out the actual costs for heating last winter and add 15 to 20 percent to allow for rate increases.

A Word about Equal Opportunity

It is illegal to discriminate against any person because of race, color, sex, or national origin in the sale or rental of housing and in the advertising of real estate brokerage services. To file a housing discrimination complaint with the State of Illinois based on the 1980 Illinois Human Rights Act, call (217)785-5100.

To file a housing discrimination complaint at the federal level, call (800)424-8590 or write the Department of Housing and Urban Development, Fair Housing, Washington, DC 20410.

Renter's Insurance

Your landlord probably has insurance to cover the house or apartment building itself, but this insurance does not include coverage for your personal belongings such as furniture and clothes. Nor does your landlord's policy cover your liability to others — someone else's injury or damage for which you may be held responsible. A special renter's or tenant's policy is available to meet your insurance needs as a tenant.

With most tenant's policies, your personal property is covered whether it is in your home or elsewhere. A standard tenant's policy covers furniture, clothing, and most other personal belongings against losses caused by fire or lightning; wind or hail; explosion; vandalism or theft; weight of ice, snow, or sleet; and several other perils. Should you have expensive stereo equipment, jewelry, or even a home computer, you will want to check to see if those items are covered; and you may need to consider getting a policy rider that will cover them.

The liability coverage in a tenant's policy applies at home or elsewhere to injuries or damages caused by you. This coverage, however, does not include liability resulting from the use of an automobile, which must be covered separately by an auto insurance policy.

Your tenant's coverage also will pay for any increase in living expenses made necessary when your residence cannot be occupied because of damage caused by any of the perils listed in the policy.

What Can You Afford?

You need to review your monthly budget to find out how much you can afford to spend for housing. The chart below helps you estimate your monthly housing expenses.

The differences between your regular monthly expenses and your monthly take-home pay indicates the maximum you can afford to spend for housing plus related expenses. These related expenses include telephone service, renter's insurance, and — if they are not part of your rent — heat and electricity. Other expenses may include cable TV, water, sewer, and furnishings. Once you have established your financial limits, try to avoid looking at housing that is beyond your budget.

Most important, learn to compromise. You may not be able to afford that dream apartment — or the furniture to furnish it — the first time around. As your financial situation improves, so will your living quarters.

Monthly Budget

Monthly income

\$ _____

Monthly expenses, excluding housing

Food

\$ _____

Clothing and personal care

\$ _____

Transportation

\$ _____

Auto insurance

\$ _____

Medical care, life and health insurance

\$ _____

Education

\$ _____

Entertainment and recreation

\$ _____

Other regular expenses, such as savings or installment loans

\$ _____

Monthly expenses, excluding housing

\$ _____

Monthly expenses for housing

Rent

\$ _____

Utilities

Heat and air conditioning

\$ _____

Electricity

\$ _____

Telephone

\$ _____

Other (furnishings, water, garbage pickup, sewerage)

\$ _____

Insurance

\$ _____

Monthly expenses for housing

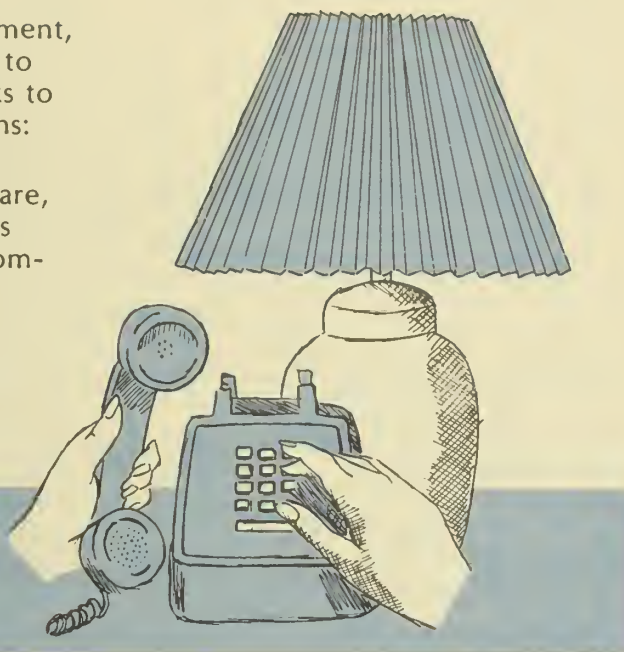
\$ _____

Additional Considerations for Renting

Leases

If you decide to rent an apartment, house, or mobile home, be sure to sign a lease. Signing a lease works to your advantage for several reasons:

- It specifies, in writing, what the building owner's responsibilities are, what yours are, and the remedies each of you has in case of noncompliance.



- It protects you against rent increases for the term of the lease and against being evicted without proper, specified causes.

- The lease guards against misunderstandings and disputes by spelling out who pays utility bills, where your parking space is located, any "extras" that are included in the rental package, and so forth. The lease contains provisions for terminating the agreement if the necessity arises. Avoid verbal leases put everything in writing.

If there is anything about the lease or rental agreement that you have any doubts about, the time to ask questions is before signing. Ask an attorney to explain any legal phrases that you do not understand. When you examine a lease, refer to the Lease Checklist that is given in the back of this booklet.

Ordering the Telephone and Utilities

The telephone company may require a deposit from anyone who has not had a phone in his or her name or established a telephone credit rating. Your utility company may have a similar requirement. How will you handle a situation in which one roommate goes home for two weeks and feels that he or she shouldn't be required to pay for telephone or utility service for that time?

The person most likely to remain at the address the longest should apply for the telephone and utilities. To have more than one name listed with the telephone company may require a monthly service charge. In most cases, the person whose name is registered with the utility company is the individual that the company holds responsible for paying the bill — even if roommates agree among themselves to split the costs. The person accountable for paying the bill is the only one who is establishing a credit history with the utility company — and the only one whose credit rating will suffer if the bill isn't paid.

Damage Deposits

When you rent, property owners usually require a security or damage deposit to be paid before you move in. Depending on local practices and the specific owner, the actual amount of the deposit may vary greatly. In many cases, you may have to pay the first month's rent, the last month's rent, and a damage deposit equal to one month's rent — before you can move in.

The property owner will hold this money to ensure your payment of rent and other charges and will also use it to cover the costs of any damage. Damage may include the cost for repairing or replacing items for which you are responsible and for any cleaning needed to return the rental unit to the condition in which you received it.

Protect yourself by making a list of everything in the apartment and its condition when you rented. Ask the owner or rental agent to inspect the apartment with you. Both of you should sign and keep a copy of the list. The list is to protect you when you move out. If you both signed the list when you moved in, the owner cannot claim you caused damages when you didn't. On the other hand, you are responsible for the costs of repairing any damage that you caused.

Your damage deposit should be returned if it is not needed to cover back rent or damages. If the owner withholds the deposit money, he or she must itemize the damages and deliver the written report of damages and request for payment to the tenant(s) within 30 days after he or she moves out.

Buying or Renting a Mobile or Manufactured Home

A mobile or manufactured home is a portable structure to be used with a permanent foundation. Some considerations in purchasing a mobile home follow:

- A mobile home cannot be put just anywhere, and some areas are zoned against mobile homes.
- It is less expensive than a conventional home, comes completely furnished, and provides for greater mobility.
- It is more likely to be damaged by wind than is a conventional house.



Living in a Dorm, Sorority, or Fraternity

If one of your goals is to further your education, you will have the choice of a dorm or fraternity-sorority housing. All offer opportunities to meet people and make new friends. Dorm fees often include meals, linens, and laundry facilities. For specific information about dorm facilities at the school you are considering, contact the housing office.

Fraternities and sororities also provide meals, linens, and laundry facilities. If you are considering pledging one of these organizations, you will have an opportunity to preview the facility, meet the other members, and ask about the rules and prices.

Before you decide upon a dorm or a sorority or fraternity house, you will want to discuss the pros and cons with residents who have lived in them.

Alone or with Others

Living alone will be more costly and will possibly be lonely as well. You may want to consider some of the following possibilities.

Living with Relatives

The option of living with your relatives involves your emotions more than facts and figures. This alternative involves complex family relationships as well as considerations of economics and convenience.

Living with your parents. Realizing that you have identified yourself as a person in your own right, you and your parents must now cope with the idea that you are no longer merely their child. Living with your parents must be a mutual decision. To have a successful living situation you must get past parental caring and get down to basics. Can you now live together but be a part of two separate worlds? Talk it over with them. What will you expect of them? What will they expect of you? Do these expectations clash? Is there room for compromise? Will you pay room and board?

By paying a fair share to your parents, you are showing responsibility and fairness. By assuming your share of the load, you are further establishing your future adult relationship with your parents. In considering this option, weigh the benefits against the possible consequences.

Living with other relatives. One of your relatives may offer you a place to live. Talk about living arrangements with them. What expectations do they have of you? What will you expect of them? Make a list of potential advantages and disadvantages that you would anticipate with this living arrangement. This should help you weigh the various consequences of living with a relative.

Living with Roommates

Sharing a place with others has pluses and minuses. Roommates provide companionship and add another source of funds for paying expense. On the other hand, you may lose some privacy and feel the need to compromise more often.

Making some important decision before moving in together can make the sharing more fun. Confront potential problems before they get out of hand. If your potential roommate is in the habit of borrowing items and forgetting to return them, talk about it before you become committed. Honest discussions can provide solutions to most problems.

Lifestyles. Review your strengths and weaknesses before deciding on responsibilities for cleaning, cooking, buying food, and paying bills. Be definite about what is expected of one another to avoid misunderstanding. Talk with your roommates about how much, how often, and under what circumstances visitors are welcome. Discuss feelings about cigarette smoking, alcohol and drug use, volume stereo playing, overnight guests, and "lights-out policy." If you must be up every day by 6:00 a.m. and your roommate plays the stereo till all hours of the night, there is potential for conflict.

If you haven't had a roommate before, it may be difficult for you to anticipate potential problems. Talk with several friends and ask them to share some of the joys and problems they have experienced with their roommates.

Handling money. How will you share expenses for food, supplies, rent, utilities, and telephone? Decide in advance. One way to handle the bills is to have all persons contribute to a common fund. Out of this fund, all common expenses are paid.

It is important to keep cost records for shared items bought by each person. When members of the group eventually move, the records make it easier to buy and sell an item or a share of it.

Disbanding will go smoothly if you plan for it when you first move in. Decide what to do if one or more of you want to move before the lease has expired. What will you do if one roommate continually runs short of funds and can't pay his or her share?

Summary

Several housing options with a wide range in price and features are available in most communities. A first step is to analyze yourself and understand what is most important to you. Few people can afford everything they want in housing. Your choice will be more satisfying, however, if you have thought about what you want most and develop your plans accordingly.

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Lease Checklist

	Rental A		Rental B	
	Yes	No	Yes	No
Date of signing				
Complete names of owners and tenants				
Specific location of rental unit				
Beginning and ending of lease term				
Amount of rent				
When and where rent is due				
Penalty for late payment of rent				
Can the rent be raised because of increased costs?				
Are utilities included in the rent?				
Extra Charges (specify)				
Owner's responsibility for repairs and maintenance				
Tenant's responsibility if damage caused by negligence				
Security or damage deposit				
What the deposit covers				
When it will be returned				
Conditions for refund				
Provision for payment of interest				
Provisions for subletting, renewal				
Are multiple lessors (tenants) jointly obligated?				
Conditions under which owner may enter unit				
Restrictions on pets, quiet hours, musical instruments, or storage				
Limit on number of occupants				
Provision for ending lease				
Are any furnishings supplied?				
(List — draperies, carpeting, other items)				
Are extra appliances permitted?				

An Apartment Inspection Guide

	Rental A	Rental B
Monthly rent	\$ _____	\$ _____
Initial expenses		
Security or damage or cleaning deposit	_____	_____
Other (specify) _____	_____	_____
Deposits for:		
Telephone	_____	_____
Electricity	_____	_____
Gas	_____	_____
Heat (if not gas or electric)	_____	_____
Other (specify) _____	_____	_____
Other costs (if not included in rent, indicate monthly charge):		
Water and sewer	_____	_____
Electricity	_____	_____
Gas/Heat	_____	_____
Telephone	_____	_____
Trash collection	_____	_____
Snow removal	_____	_____
Lawn maintenance	_____	_____
Recreational facilities:		
Pool	_____	_____
Party room	_____	_____
Tennis court	_____	_____
Other (specify) _____	_____	_____
Security system	_____	_____
Laundry	_____	_____
TV cable or antenna	_____	_____
Other (specify) _____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

		Rental A				Rental B			
		Excellent	Good	Acceptable	Not Acceptable	Excellent	Good	Acceptable	Not Acceptable
Location									
Neighborhood									
Public transportation									
Commuting time									
Closeness to stores									
Police and fire protection									
Safety of area (well lit, patrolled, low crime rate)									
Exterior									
Auto access (short distance from car to rental unit)									
Off-street parking (extra fee)									
Maintenance of grounds									
Privacy of yard, patio, or deck									
Garden space									
Outdoor recreation space, view									
Condition of walls									
Windows									
Accessibility for washing									
Condition, caulking									
Storm windows and screens									
Interior — General									
Size									
General layout									
Privacy									
Easy-to-care-for materials, equipment, and furnishings									
Condition of floors, ceilings, and walls									
Soundproofing									
Closet storage									
Interior — room-by-room and other specifics									
Kitchen									
Condition of appliances									
Sink									
Condition									
Water pressure and temperature									

	Rental A				Rental B			
	Excellent	Good	Acceptable	Not Acceptable	Excellent	Good	Acceptable	Not Acceptable
Electric service								
Number of outlets								
Lighting								
Condition of countertops and counterspace								
Condition of walls and ceilings								
Amount of storage space and counter space								
Living room								
Condition of floor or carpeting								
Condition of walls and ceilings								
Number of electrical outlets								
Furniture								
Bedroom(s)								
Condition of floor or carpeting								
Condition of walls and ceilings								
Number of electrical outlets								
Furniture								
Closet space and width								
Bathroom								
Condition of floor, walls, and ceilings								
Electrical fixtures								
Number of electrical outlets								
Condition of sink								
Condition of tub or shower								
Condition of toilet								
Water pressure and temperature								
Windows or ventilation								
Type of heating system								
Location of water heater								
Insulation								
Safety and security								
Dead bolt locks on doors								
Security chain								
Peep hole								

	Rental A				Rental B			
	Excellent	Good	Acceptable	Not Acceptable	Excellent	Good	Acceptable	Not Acceptable
Fire extinguishers								
Exits, fire escapes								
Smoke detector system								
Garbage and trash disposal								
Adequate for size of building								
Frequency of collection								
Location of containers								
Laundry facilities								
Location								
Cleanliness								
Number of machines								
Maintenance								
Residence superintendent								
Restrictions on maintenance hours								
Procedures for handling emergencies								
Miscellaneous								
Outside TV antenna or cable								
Seasonal storage area								
Accessible to tenants								
Adequate security								
Restrictions on use of portable appliances								
Provisions for mail and parcel delivery								
What are other tenants like (ages, children)?								



Urbana, Illinois

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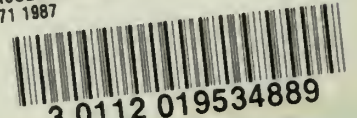
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